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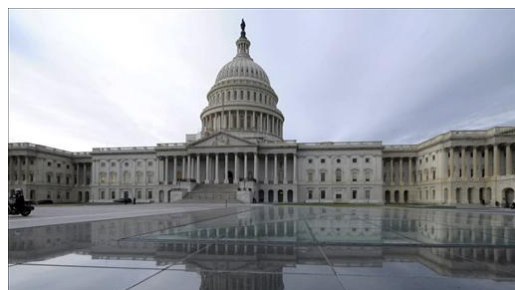
REVIEW & OUTLOOK | Updated March 14, 2013, 7:48 p.m. ET

# Replacing Max Baucus

*The Senate budget kills tax and entitlement reform.*

Ring the church bells and send up the white smoke: Senate Democrats have released their first budget in four years. Give Senate Budget Chair Patty Murray credit for finally proposing something in public view, but after reading the budget document we can see why Democrats were so reluctant for so long.

## Related Video



Editorial board member Steve Moore on the Senate budget blueprint. Photo: Associated Press

The bill manages the unique achievement of offering no net nondefense spending cuts and no entitlement reform worth the name, while proposing to raise \$1.5 trillion in new tax revenue in such a way that would ruin the prospects for bipartisan tax reform. This budget has no chance of becoming law as long as Republicans run the House, but as a statement of Democratic intentions it deserves more attention.

- Mrs. Murray promises "\$1.85 trillion in new debt reduction" over 10 years, which even if accurate would be less than half the deficit savings in [Paul Ryan's](#)

House budget. But the real savings are much lower because Democrats cancel the sequester spending cuts this year and they rewrite the spending caps that were part of the 2011 debt-ceiling deal to increase spending by close to \$1 trillion.

Total annual outlays rise by \$2.1 trillion to \$5.7 trillion over the next decade, or about 5% a year on average and 61% over 10 years. Mr. Ryan's budget would increase spending by an average 3.4% a year.

- Though Medicare and Medicaid are expected to double in cost by 2023, Senator Murray's budget gives them a pass. The only savings are \$275 billion from squeezing Medicare reimbursements for doctors, hospitals and drug companies in ways that Congress always rejects.

- The eternal budget trick is to project "savings" in future years while spending more today. And sure enough, Mrs. Murray proposes to spend \$100 billion more on "infrastructure" this year. This is justified in the name of spurring economic growth, but that's what Democrats said about the 2009 stimulus that produced the weakest economic recovery since FDR. Even on pure Keynesian grounds the \$100 billion won't juice demand because the new spending is offset with tax increases.

- Democrats admit to raising taxes by \$975 billion over 10 years by "increasing the fairness and efficiency of the tax code." Mrs. Murray provides few details. The real tax increase is closer to \$1.5 trillion because the budget omits about \$480 billion in more unspecified taxes to "replace sequestration" and another \$100 billion to offset the cost of the new stimulus. These new revenues are all supposed to come from "closing loopholes."

This tax increase comes on top of the \$600 billion increase in tax rates in January and the roughly \$1.1 trillion of tax increases in ObamaCare. Democrats are demanding these new taxes even though the Congressional Budget Office projects that under current law revenues are expected to double to \$4.96 trillion by 2023 from \$2.45 trillion in 2012. But that is not enough.

- Democrats say they are "closing loopholes and ending wasteful spending in the tax code." But the budget outline is actually a poison pill that would kill tax reform.

The Senate budget includes instructions to the Finance Committee to raise \$975 billion in revenue

"not later than October 1, 2013." But tax reform has traditionally been passed as "revenue neutral," which allows for fewer loopholes to finance lower tax rates. If tax reform must raise so much more additional revenue, it's a dead letter.

The only salvation would be if Democrats allowed dynamic budget scoring that assumed more revenue from faster economic growth due to reform, but Democrats have never allowed that.

This all follows the script offered last year by New York Senator Chuck Schumer that tax reform must raise revenue, not lower rates. This means that Mr. Schumer is the de facto chairman of Senate Finance, while nominal Chairman Max Baucus might as well return to Montana for the next two years.

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Democrats need only 51 votes to pass a budget outline, as they no doubt will. But we can't wait to see which Senators get lined up as potential sacrifices. Senators running in 2014—such as Mary Landrieu of Louisiana, Alaska's Mark Begich and Mark Pryor of Arkansas—might get a pass from Majority Leader Harry Reid.

But it'll be fascinating to see if Heidi Heitkamp of North Dakota and Joe Manchin of West Virginia take one for the team after running as moderates in the last election. Add the votes they'll have to make on gun control, and 2014 is looking more intriguing all the time.

As a statement of governing principles, the Senate Democratic budget shows that if they get the chance they would govern like they did in 2009-2010: Much higher taxes to fund much higher spending to finance a much bigger government. It's the status quo, only more so.

*A version of this article appeared March 15, 2013, on page A12 in the U.S. edition of The Wall Street Journal, with the headline: Replacing Max Baucus.*

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